

## Message Text

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ACTION EB-11

INFO OCT-01 ARA-16 ISO-00 COME-00 SS-20 NSC-10 SCEM-02

TRSE-00 FMC-04 CG-00 L-03 CIAE-00 INR-10 NSAE-00

PA-04 RSC-01 USIA-15 PRS-01 SPC-03 COA-02 DRC-01 /104 W

----- 079341

R 112020Z JAN 74

FM AMCONSUL RIO DE JANEIRO

TO SECSTATE WASHDC 9968

INFO AMEMBASSY BRASILIA

AMCONSUL SAO PAULO

AMEMBASSY CARACAS

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E.O. 11652 N/A

TAGS: ETRN, ENRG, BR, PE

SUBJ: INCREASED PRICES FOR BUNKER FUELS

REFS: A) STATE 247816, B) RIO 4654

1. CONGEN DISCUSSION OF REFTEL A SUBJECT WITH LOCAL U.S. SHIPPING REPRESENTATIVES PROVIDES FOLLOWING PICTURE. BUNKER FUEL PRICE, EXTREMELY ERRATIC AND VOLATILE SINCE BEGINNING OF PETROLEUM CRISIS, CHANGES ALMOST DAILY. IN ADDITION, VARIATIONS ON PREVAILING PRICE EXIST DEPENDING ON SUCH FACTORS AS WHETHER OR NOT PURCHASER HAS CONTRACT PREDATING PETROLEUM CRISIS. GOB, AND SPECIFICALLY PETROBRAS, REPORTEDLY HOPES ESTABLISH MORE STABLE PRICE SYSTEM THIS MONTH.

2. U.S. SHIPPING REPS. DIFFER AS TO WHETHER FOREIGN FLAGS PAYING MORE THAN BRAZILIAN VESSELS FOR FUEL. ONE CLAIMED THAT DIFFERENTIAL EXISTS, BUT STATED HE COULD NOT PROVIDE FIRM FIGURES BECAUSE OF CURRENT PRICE VOLATILITY. ANOTHER STATED HE UNAWARE OF ANY PRICE DIFFERENTIAL AND THAT PETROBRAS OFFICIAL TOLD HIM ALL SHIPS BEING CHARGED SAME PRICE. HE

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PROMISED ATTEMPT CLARIFY PICTURE, BUT OBTAINING FIRM FIGURES

WILL BE DIFFICULT.

3. THESE DISCUSSIONS, AS WELL AS THOSE HELD PREVIOUSLY WITH PETROBRAS, INDICATE BRAZIL VIEWS ITSELF AS AGGRIEVED PARTY IN PRESENT SITUATION. PETROBRAS OFFERED TO ENTER RECIPROCAL FUEL ARRANGEMENTS WITH FOREIGN SHIPPERS, BUT RECEIVED ONLY LIMITED RESPONSE. IT BELIEVES PROBLEMS OF BRAZILIAN VESSELS IN U.S.) PORTS, REPORTED REF B, RESULT FROM FAILURE INSTITUTE RECIPROCAL POLICY. BRAZILIAN SHIPS HAVE, AS A RESULT, SUFFERED CONSIDERABLE LOSSES FROM DELAYS IN FOREIGN PORTS AND FROM NEED TO FIND ALTERNATIVE FUEL SOURCES AT PRICES CONSIDERABLY HIGHER THAN HAD BEEN CONTRACTED. IN ADDITION, GENERAL UNCERTAINTY OF FUEL SUPPLY ABROAD HAS SERIOUSLY DISRUPTED SAILING SCHEDULES, CAUSING FURTHER EXPENSES. PETROBRAS QUESTIONS WHY IT SHOULD SUPPLY SIGNIFICANT AMOUNTS OF FUEL ON REGULAR BASIS TO FOREIGN FLAGS, AT ANY PRICE, WHEN BRAZILIAN SHIPS CANNOT DEPEND ON FOREIGN BUNKERS. IT FEELS THIS FUEL SUPPLY IRREGULARITY, AND ACCOMPANYING INCREASED EXPENSES, CONSTITUTE AN EFFECTIVE COST DIFFERENTIAL EVEN IF ACTUAL PRICE PAID BY ALL VESSELS IS THE SAME, WHICH PETROBRAS APPARENTLY DOUBTS.

4. IF CONGEN MAKES APPROACH REQUESTED REF A, IT WILL LIKELY BE REQUESTED GIVE USG ASSURANCES 1) THAT BRAZILIAN SHIPS WILL OBTAIN REGULAR AND DEPENDABLE FUEL SUPPLY IN U.S. PORTS, AND 2) THAT BRAZILIAN SHIPS WILL PAY NO MORE THAN US VESSELS. CONGEN WOULD APPRECIATE GUIDANCE ON RESPONDING TO SUCH A REQUEST.  
BOONSTRA

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** PETROLEUM, SHIPS, PRICES, MEETINGS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 11 JAN 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** MorefiRH  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
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**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** n/a  
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**Line Count:** 90  
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**Office:** ACTION EB  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
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**Page Count:** 2  
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**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** A) STATE 247816, B) RIO 4654  
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**Review Authority:** MorefiRH  
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**Review Date:** 09 SEP 2002  
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**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** INCREASED PRICES FOR BUNKER FUELS  
**TAGS:** ETRN, ENRG, BR, PE  
**To:** STATE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005